THE HON'BLE SRI JUSTICE C.V.RAMULU

W.P.No.23174 of 1998

Dated: 25.08.2006

Between
T.Lakshmi Devi

…..Petitioner

and

1.The AP State Financial Corporation
Chirag Ali Lane, Hyderabad
Rep., by its Managing Director and
Another.

….Respondents

THE HON'BLE SRI JUSTICE C.V.RAMULU

W.P.No.23174 of 1998

ORDER:

This writ petition is filed seeking a Mandamus to declare the Recall cum Sale Notice APSFC/MR&R/Zone-V/DSM/1998-99/2747, dated 7.8.1998 issued by the 1st respondent purported to be under Section 29 of the State Financial Corporation Act as illegal and arbitrary.

It appears that the petitioner applied for term loan under self employment scheme for unemployed rural women. After considering the project report submitted by the petitioner, the 2nd respondent through his letter dated 11.3.1991 sanctioned term loan of Rs.1,55,000/, Soft Loan and Special Capital Assistance of Rs.30,000/- totaling Rs.1,85,000/-. According to the petitioner, the respondent after completing the process of documentation paid only an amount of Rs.83,653.20ps during the period from 14.5.1991 to 16.09.1991 for constructing of industrial shed. In addition to the said amount, the petitioner spent a sum of Rs.80,000/- and constructed the proposed

industrial shed admeasuring 40' x 22' x 22'. The civil works including electrical works were completed by August, 1991 at a total cost of Rs.1,80,000/-. The petitioner obtained various licences required for the purpose and brought these facts to the notice of the respondents and requested them to release the balance loan amount and facilitate her to install the plant and machinery for commencing commercial production. When the 2nd respondent did not respond for release of the balance of amount, she was constrained to issue a legal notice dated 14.10.1991 calling upon the respondents to release the balance amount. In spite of various letters issued by the petitioner, nothing happened. However, on 7.8.1998 the 2nd respondent issued the impugned proceedings demanding an amount of Rs.2,56,852/- being the outstanding amount against her loan account No.53480317 and 53480325.

It is the contention of the petitioner that neither there was any reply sent to the legal notice issued by her nor any further correspondence was entertained.

I have perused the entire material available on record. In fact, some correspondence was ensued between the parties. Without

paying the balance amount to the petitioner for completion of project, it was not proper on the part of the respondents to demand the amounts under the impugned notice for the reason firstly having released half of the amount only, secondly having not fixed any instalment for the purpose of repayment of the loan amount. Be that as it may. At the time of admission of the writ petition on 19.8.1998 interim stay of all further proceedings in pursuance of the impugned notice has been granted subject to condition that the petitioner deposits Rs.1,50,000/-.

In the counter filed by the respondents, it is not denied that they have not released the balance amount for completion of project as contended by the petitioner. Prima facie, I am of the opinion that claiming interest and penalty seems to be unreasonable in view of the fact that half of the amount has not been released. As such, the case of the petitioner needs to be considered sympathetically.

In view of the above, without going into the merits, the petitioner is permitted to make a detailed representation within a period of two weeks from the date of receipt of a copy of this order, in this regard, and the same shall be considered by the 2nd respondent and pass

appropriate orders, after putting the petitioner on notice and hearing him personally. Till such time, no coercive steps shall be taken by the respondents.

Writ petition is, accordingly, disposed of. No costs.

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25.08.2006

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